

## Regional Report

# The Economic Function of the Housing Unit

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In Latin America and the Caribbean, approximately 16.6 million people modify their homes to combine domestic, care, and economic activities, a practice known as home-based work (HBW). This report examines existing research and proposes a conceptual framework that explores housing's economic role, its links to overall well-being, and possible negative impacts. It also highlights Habitat for Humanity's initiatives in the region that tackle this challenge.

**Keywords:** home-based work, productive housing, vulnerable population, migrants, informal employment, women, urban development, sustainable cities, livelihoods, quality of life.

## 1. Introduction

This report presents a conceptual framework for home-based work (HBW) and its physical form: the productive housing unit. The goal is to examine how this practice provides an economic role for housing units by supporting household income, livelihoods, and quality of life, as well as local economic development, particularly in Latin America and the Caribbean (LAC). The review is organized around three main questions: (1) What defines a productive housing unit, and why and how prevalent is it in LAC? (2) In what ways does it bolster the economy and improve the livelihoods of individuals and communities? (3) What impact does it have on the quality of life for families and their communities? Additionally, a section discusses recent public policies, particularly those related to the COVID-19 pandemic, that have explicitly supported this type of housing use.

The report includes a regional overview of Habitat for Humanity's experience in this area and offers practical recommendations for project or program design. These suggestions are primarily based on evidence from academic literature, institutional documents from the past ten years<sup>1</sup>, and evaluations conducted by the Habitat for Humanity (HFH) network.



Dominga Disla, 60, from the Dominican Republic, divides her time between selling food, clothing, and cosmetics, and working as a janitor on weekends.

Dominga partnered with Habitat for Humanity Dominican Republic to enhance her home, allowing her to focus more comfortably on her business without sacrificing her home's livability or her family's well-being.

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1. Although it includes older references when they are relevant and up-to-date for the topic, due to the limited number of studies in some areas.

## 2. Home-based work = a productive housing unit

The “housing at the center” approach, the central theme of the Habitat III Conference and the III Regional Housing Forum of Latin America and the Caribbean in 2018, marked a paradigm shift by placing housing at the core of policies aimed at developing sustainable, inclusive, and resilient cities (United Nations, 2017). This global framework is closely connected to the idea of the social production of habitat, which explains how individuals and communities build and manage their environment in response to exclusion from formal markets and shortcomings in state policies (Ortiz Flores, 2017).

One of the most evident examples of this social behavior is the productive housing unit. Confronted with exclusion or precarious work conditions, families modify their homes to balance domestic and care duties with income-generating activities that often serve as their primary or sole source of income (Barreto, Benítez & Puntel, 2015). These activities occur within or near the housing unit, such as yards or annexes (Barreto & Puntel, 2021), often under informal conditions (Bonnet et al., 2021). They turn the home into both an economic resource and a subsistence platform (Díaz, 2020; Wagemann, Maynard, & Simons, 2024). Thus, a productive housing unit represents more than just a historical survival strategy (Parada et al., 2004); it embodies the vision of the New Urban Agenda by naturally integrating living, caring, and working functions, thereby fostering sustainable development at the local level.

In academic literature, this practice is referred to by several terms, including *Home-Based Enterprise (HBE)*, *Home-Based Business (HBB)*, or *Home-Based Income Generation (HIG)*. This report uses the broader term *Home-Based Work (HBW)* because it better captures the diverse ways people use housing units for productive activities in Latin America. These include commercial ventures, self-employment, subcontracting, and other income-generating activities, both formal and mainly informal (Wagemann, Maynard, & Simons, 2024).

Economic activities within the HBW framework vary and are tailored to the specific context and available resources. A review of existing studies highlights five main activity categories: production, sales, services, repairs, and land or plot use (Wagemann et al., 2024). These categories manifest differently across geographical settings (ILO, 2015; Alarcón & Vázquez, 2020; Otaña & Anwar, 2023).

The physical form of the productive housing unit varies widely, reflecting its organic, evolving nature. Adaptations vary from small changes to existing spaces, like turning a room into a workshop or transforming the living room into a retail area during the day, to larger modifications such as building annexes, utilizing yards, garages, and sidewalks, or adding a second floor with a separate entrance to distinguish the business from the residence (ILO, 2015; Alarcón & Vázquez, 2020; Otaña & Anwar, 2023).

What does home-based work look like across contexts?



**Urban Context**

**Neighborhood micro-businesses** or “small shops” such as grocery stores, prepared foods, **light manufacturing workshops** such as clothing production or handicrafts, and **local services** including barbershops, beauty salons, and childcare



**Peri-urban Context**

They operate as a hybrid, **combining small-scale production** with distribution to nearby urban centers. These households serve as critical nodes in local value chains, **linking production to consumer markets.**



**Rural Context**

Linked to natural resources. Activities include **processing agricultural products** (cheese, honey, preserves), **food production**, for sale in nearby markets, **small-scale animal farming** (chickens, poultry), and **the creation of traditional handicrafts.**



### 3. The Practice in Numbers

To grasp the scope of the practice, it is crucial to examine the available statistics,

which, despite being sometimes fragmented, clearly demonstrate its socioeconomic importance<sup>2</sup>.

The initial key point is that **the practice spans both global and regional levels: globally**, about 260 million people work from home, and 86% of them reside in developing countries. In Latin America and the Caribbean, this number is 16.6 million, accounting for 6% of the region's total employment.

The second key aspect is **closely connected to informality**, as shown by 85% of home-based workers in the region working without formal arrangements, lacking social protection, job security, or contractual rights. This figure is concerning and highlights the natural vulnerability of this type of work. The COVID-19 pandemic worsened this situation; from 2020 to 2023, the region's job recovery was driven mainly by informal employment, accounting for 40% to 95% of employment growth during that period.

It is also evident that **HBW features a woman's face**, reflecting that 67% of those working from home in LAC are women, and the vast majority of these women (82%) are self-employed. Most of their activities focus on the service sector (65%) and on small-scale manufacturing, such as sewing, handicrafts, or food processing (33%).

The **COVID-19 health crisis ultimately led to a visibility paradox**. On one hand, it popularized the idea of "working from home," but the story mainly focused on professionals with official jobs and access to digital tools. Conversely, many traditional home-based workers, particularly those lacking connectivity, became more invisible and faced the greatest impact from supply chain disruptions and declining demand.

It is essential to distinguish HBW's purpose and scope in light of the socioeconomic context. In the popular and informal sectors, it arises as a necessity-driven strategy due to exclusion from the formal labor market, which is characterized by small-scale activities and unstable profits. Conversely, in formal middle-income sectors, this is usually a voluntary decision motivated by the need for flexibility and convenience, often seen in professional services or digital startups with higher growth prospects. It is estimated that as many as 50% of small businesses in OECD countries operate from home, underscoring their significant role in the economy.

<sup>2</sup> This section summarizes essential quantitative data on home-based work in Latin America, the Caribbean, and the Global South. The estimates derive from labor force survey data handled by the International Labor Organization (ILO) and analyzed by the Women in Informal Employment Network: Globalizing and Organizing (WIEGO), as detailed in Bonnet et al.'s article. Recent ILO (2023) statistics on labor informality further supplement this information.

**260 million**

people worldwide do home-based work

**86%**  
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In LAC, the figure is

**16,6 million**

**feature a woman's face**

**6%** of total employment in the region



**Highly linked to informality**



The first line of defense against COVID-19 revealed visibility paradoxes.



## 4. Conceptual Framework

### 4.1. The Economic Function of the Housing Unit

Productive housing units serve as a vital income source for millions of families, providing either a supplementary boost or becoming the core of the household economy. Historical and recent empirical evidence confirms its ability to produce significant and lasting income, even in highly vulnerable situations (Wagemann, Maynard & Simons, 2024).

Although somewhat dated, comparative studies in the Global South remain relevant due to the lack of recent research. They demonstrate that in countries such as Bolivia, India, and Indonesia, home-based economic activities account for 58% to 74% of total household income. In Suriname, HBW served as the main income for 22% of households and was the second most significant source for 73% (Sadiq, Ahmad & Khan, 2021; Tipple, 2005; Verrest & Post, 2007).

Recent studies support this trend. A case study of temporary post-disaster settlements in northern Chile revealed that affected families had an average monthly income of USD 638-915, generated through activities such as baking, sewing, and handicrafts. This indicates that these households can play a vital role in fostering economic recovery (Wagemann et al., 2024).

One of the strongest pieces of evidence for its potential to address poverty is a study carried out in a low-income housing project in Colombia. Women engaged in economic activities at home managed to double the income of their neighbors who did not operate enterprises, enabling them to surpass the poverty line. This example shows that under suitable conditions—such as the ability to modify space and access essential services—productive housing goes beyond basic survival and serves as a means of economic mobility (Doering & Liu, 2019).

*“I didn’t need to dip into my own funds to enhance the business. Since then, my finances have gotten better. I take costly medication, and despite issues at home, we haven’t reduced our expenses. Nonetheless, the business remains stable, and my health has improved.” Carolina, Nicaragua.*



*“I wanted to see my house fully roofed, and this loan made it possible. Now, I plan to keep expanding upward to build additional homes and rent them out, creating extra income.” Susana, Dominican Republic*



Adopting the sustainable livelihoods approach, which examines the assets households utilize to survive, reveals that productive housing units do more than generate income. They also activate and reinforce various interconnected forms of capital, resulting in a multiplier effect that goes beyond mere economics.

**Regarding financial capital (economic resilience)**, productive housing units enhance households' ability to withstand and recover from crises. Productive housing acts as a localized income source, decreasing dependence on external markets and cutting transportation costs. Research in Cochabamba, Bolivia, revealed that home-based stores, known as “tienditas,” functioned as economic shock absorbers. They allowed families to buy small amounts of food and access informal credit—crucial strategies when incomes are irregular (Coen, Ross & Turner, 2008). This resilience was also reflected in how quickly home-based economic activities resumed after natural disasters, as seen in Chile (Wagemann et al., 2024).

**In terms of social capital (community cohesion)**, home-based productive activities catalyze the development of networks of trust, collaboration, and reciprocity. Neighborhood stores serve not just as points of sale but also as hubs of social interaction that help bond the community (Coen, Ross & Turner, 2008). In rural Mexico, women artisans working from home establish cooperatives to buy inputs and enhance their production, creating networks of mutual support that strengthen the entire community (Alarcón & Vázquez, 2020). This phenomenon also occurs in middle-income settings and across various digital platforms; for example, a study in Indonesia during the pandemic found that a WhatsApp group used by neighbors to sell goods evolved into a network of mutual support and community involvement (Otaya & Anwar, 2023; Prakoso & Dewi, 2023).

**Physical or territorial capital (local dynamism)** is achieved by stimulating economic microcircuits in regions lacking formal commercial infrastructure. In remote neighborhoods of Colombia and Nicaragua, small shops (“tienditas”) are essential to the local economy, providing goods and services directly to residents and creating local jobs. Through providing jobs for household members and sometimes for neighbors, these economic units promote local capital circulation. Consequently, the productive housing unit functions not only as an individual production site but also as a key point in a local circular economy, supporting grassroots community development and decreasing reliance on distant urban centers (Gómez, Fajardo & Cadena, 2018; Pisani, 2016; Otaya & Anwar, 2023; Ferdous, 2020).

Finally, regarding **human capital (skills development)**, the HBW serves as a space for practical and ongoing learning. Participants develop and improve their technical skills (such as sewing, cooking, and crafts), organizational skills (including time management and production planning), and relational abilities (like customer service and negotiation) through daily practice. This type of “on-the-job” learning, frequently occurring within collaborative networks that exchange knowledge and skills, is particularly beneficial for individuals with limited formal education. It enhances their economic independence and their capacity to manage their livelihoods (Ferdous, 2020; Otaya & Anwar, 2023; Wagemann, Maynard & Simons, 2024; Gooptu & Chakravarty, 2018).

Enhancing one aspect, such as improving physical capital through adequate workspace, can initiate a positive cycle that benefits the others:

higher income (financial capital), more interaction with customers and suppliers (social capital), and new skills (human capital). Recognizing this multiplier effect is key to designing interventions that maximize their impact.

The real power of productive housing units lies in the synergy among these types of capital.

## 4.2. The Connection with Other Aspects of Quality of Life

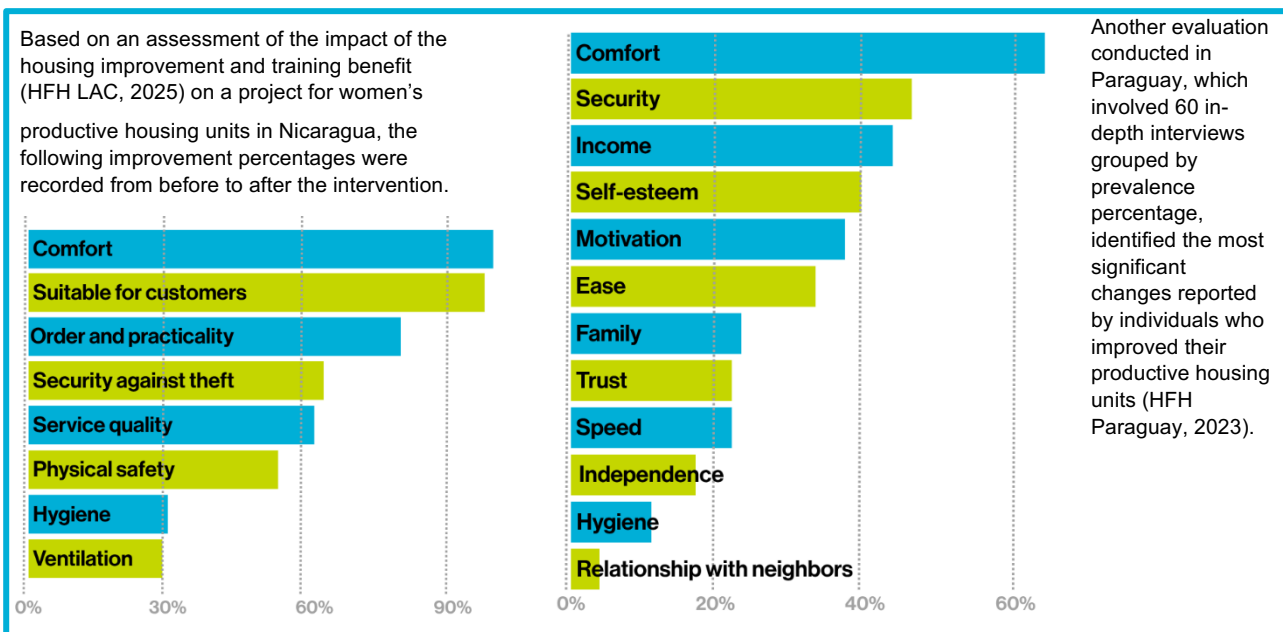
Home-based work affects families' quality of life in multiple ways beyond income, including material gains, improved daily organization, and enhanced subjective well-being.

Regarding housing improvements, a key and noticeable effect is the reinvestment of part of the income earned into the housing unit. Families in Colombia, Mexico, and Bolivia have invested their earnings in expanding, repairing, and adapting their homes. This not only supports their businesses but also aims to increase their families' comfort and security. This establishes a positive feedback loop in which the venture's success promotes residential consolidation. An improved housing unit provides better conditions for productive activities and enhances quality of life, including health benefits associated with improved living standards (Gough & Kellett, 2001; López Estrada, 2002; Eversole, 2004; Thomson et al., 2013).

Additionally, productive housing units help balance work and family life. This is especially important for many women, who still bear the majority of caregiving duties. HBW offers a key chance to balance earning income with household tasks and caring for children, the elderly, or disabled individuals. Eliminating commuting time and costs, along with increased hourly flexibility, allows for better synchronization of work hours with family needs and routines. This benefit is frequently highlighted in the literature (Doering & Liu, 2019; Wagemann, Maynard, & Simons, 2024; Barreto & Puntel, 2021).

Economic independence enhances self-esteem and personal usefulness by empowering women with greater bargaining power and decision-making authority within the household, thereby allowing them greater control over their lives. Research in Nigeria shows that home-based microentrepreneurs tend to report higher life satisfaction and well-being (Pisani, 2016; Verrest and Post, 2007).

At the community level, women managing home-based businesses earn greater legitimacy and social recognition. They are increasingly viewed not just as homemakers but also as entrepreneurs and providers who actively contribute to the local economy. Furthermore, substantial evidence shows that empowering women economically is associated with a decrease in domestic violence exposure. Research in India, Jordan, and Pakistan shows that when women contribute income to the household, they strengthen their bargaining position, limiting their partners' economic control and abuse (Hazarika & Goswami, 2016; Al-Dajani & Marlow, 2010; Sadiq, Ahmad & Khan, 2021; Abolade, Adigun & Akande, 2013).



### 4.3. Potential Adverse Effects

Although productive housing units offer significant benefits, they also pose substantial risks and challenges that can diminish quality of life and sustain insecurity.

The primary and most well-supported drawback is the increase in unpaid work for women. The fusion of work and home life frequently leads to extended working hours, where productive tasks blend with caregiving and household chores, eliminating any clear boundary. This results in physical and emotional exhaustion, disrupted rest, and the perpetuation of unequal gender roles, where women take on a “double shift.” Productive housing units, although providing avenues for economic integration, may also reinforce and deepen existing gender inequalities rather than reduce them (Verrest & Post, 2007; Floro & Pichetpongsa, 2010; Sivasubramanian et al., 2020; López Estrada, 2002; Wagemann, Maynard & Simons, 2024).

The very informal nature of HBW (85% in the region) leads to highly unstable working conditions. Workers do not have formal contracts, social protections such as health insurance, pensions, or sick leave, and lack job security, making them highly vulnerable to illness, accidents, or aging. Furthermore, they are responsible for all costs and risks related to their activities—including space, equipment, inputs, and basic services—without any support or bargaining leverage, particularly in subcontracting chains where third parties determine prices and payment conditions. This can entrap families in a cycle of low income and high instability, creating a “precariousness trap” that is hard to break without outside assistance (ILO, 2015; Chen & Sinha, 2016; Bonnet et al., 2021).

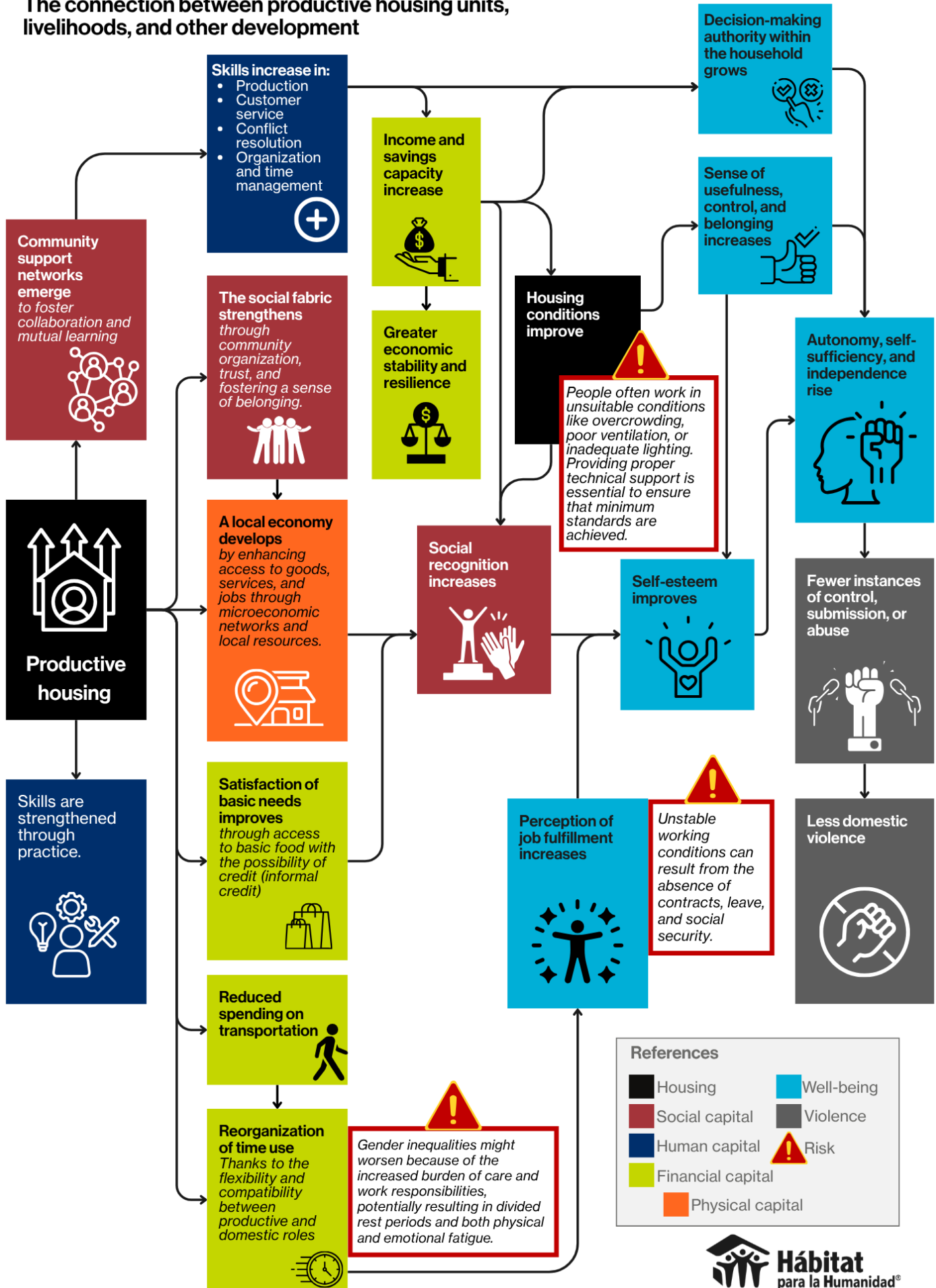
Productive use of housing units can negatively impact both residents and the environment. Housing units are frequently not built to support productive work, resulting in overcrowding, inadequate ventilation and lighting, and increased exposure to pollutants or hazards. One study found that women running home bakeries or sewing workshops worked in enclosed spaces, exposed to heat from ovens, smoke, and textile dust. They faced respiratory hazards and chronic stress because there was no clear separation between rest and work areas. Additionally, some activities can create negative externalities for the community, including noise, odors, increased traffic from people and vehicles, and higher demand for basic services. Mechanical workshops or carpentry shops, for instance, can create stressors for nearby residents, impacting the peace and harmony of the residential area (Wagemann et al., 2024; Tipple, 2005).

***“As a woman, I find it challenging yet fulfilling to be a mom, a housewife, a teacher, and a nurse all at once while caring for my children and managing my business. Mainly for my children, I prefer running my business from home.” Estela, Paraguay***



*A sample of the products Estela makes and sells from her home in Paraguay.*

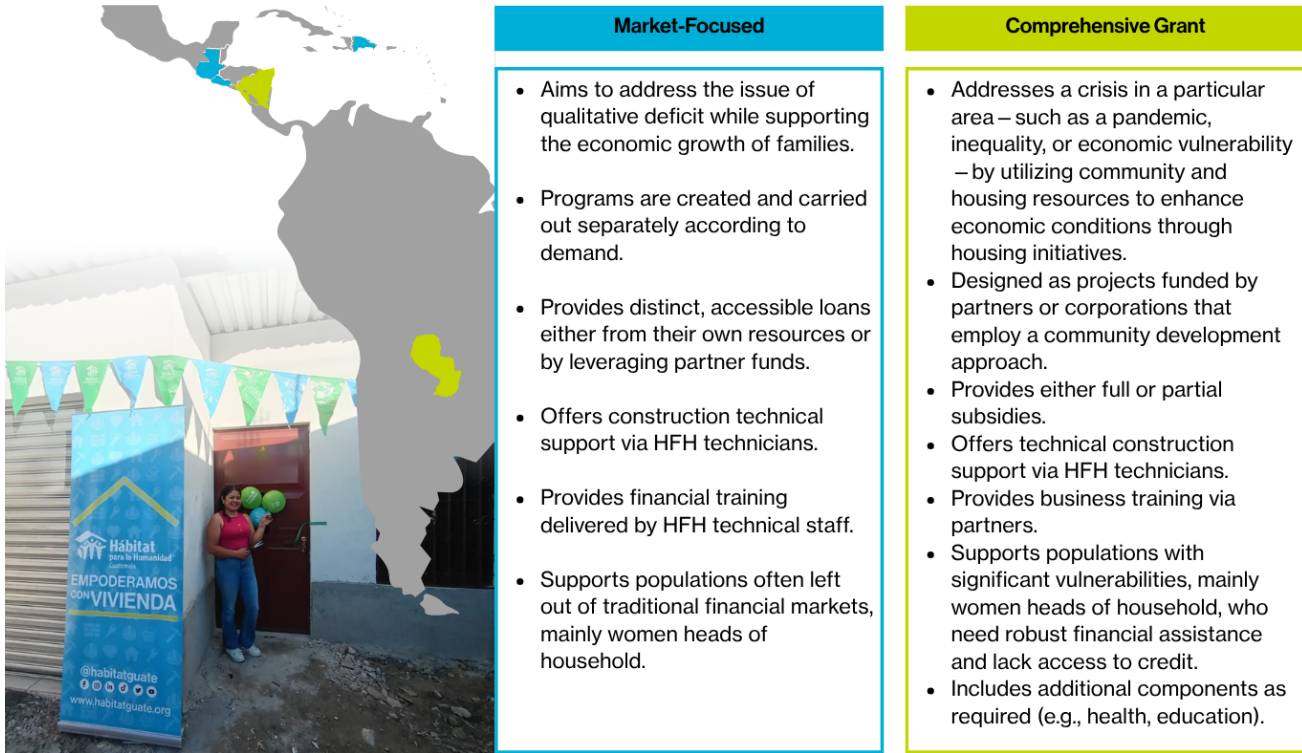
# The connection between productive housing units, livelihoods, and other development



## 5. The Habitat for Humanity Experience

This section highlights the experiences of five Habitat for Humanity national offices in Guatemala, El Salvador, the Dominican Republic, Nicaragua, and Paraguay, which have led productive housing initiatives in recent years.

The analysis of individual initiatives reveals two main program archetypes: one that is *market-focused* and another that is based on a *comprehensive grant*.



Market-Focused	Comprehensive Grant
<ul style="list-style-type: none"> <li>• Aims to address the issue of qualitative deficit while supporting the economic growth of families.</li> <li>• Programs are created and carried out separately according to demand.</li> <li>• Provides distinct, accessible loans either from their own resources or by leveraging partner funds.</li> <li>• Offers construction technical support via HFH technicians.</li> <li>• Provides financial training delivered by HFH technical staff.</li> <li>• Supports populations often left out of traditional financial markets, mainly women heads of household.</li> </ul>	<ul style="list-style-type: none"> <li>• Addresses a crisis in a particular area – such as a pandemic, inequality, or economic vulnerability – by utilizing community and housing resources to enhance economic conditions through housing initiatives.</li> <li>• Designed as projects funded by partners or corporations that employ a community development approach.</li> <li>• Provides either full or partial subsidies.</li> <li>• Offers technical construction support via HFH technicians.</li> <li>• Provides business training via partners.</li> <li>• Supports populations with significant vulnerabilities, mainly women heads of household, who need robust financial assistance and lack access to credit.</li> <li>• Includes additional components as required (e.g., health, education).</li> </ul>

The initiatives are aimed at a consistent and deliberate target audience throughout the region, primarily focusing on women, despite their differing economic conditions and capabilities. In Nicaragua, the *Women Entrepreneurs* in Estelí project supported 50 women entrepreneurs, with 60% having secondary education or less and an average family income of USD \$435 monthly. Another project in Matagalpa focused on 130 women aged 23 to 69, with an average monthly income of US\$336. These women were involved in running grocery stores, selling clothing, and operating canteens. The project involved enhancing business skills for thirty women, while providing financial education and business management training to others. Additionally, fifty women received bonuses to support their sexual and reproductive health care.

This emphasis on women heads of household in vulnerable situations is also seen in Paraguay, where a project in Asunción collaborated with 226 female small-business owners from four vulnerable sectors, with an average starting income of approximately USD \$140.

In the Dominican Republic, the program explicitly centers on women, with the initiative named "Building Hope for Women Entrepreneurs." In El Salvador, women constitute the majority of beneficiaries for loans on productive housing units, representing nearly 75% in the pilot phase and 70% in the massification stage. This trend is similar in Guatemala. In these countries, housing unit financing programs mainly target women with existing or potential credit capacity. For example, in El Salvador, they use an innovative approach that evaluates not just the current income of the business for credit approval but also incorporates a forecast of future income through an initial feasibility analysis, using the business's income flow to determine credit capacity.

Regardless of the specific project archetype, the network uses a dual, comprehensive intervention model that maintains a consistent philosophy worldwide while allowing flexible, adaptable implementation. This model systematically combines

“hard” physical infrastructure with “soft” training and capacity-building, acknowledging that lasting impact relies on the synergy between these elements.

**Physical interventions** are tailored to meet particular business requirements. The key distinction between the comprehensive grant archetype and the market-focused approach is that, in the former, improvements tend to be more limited or one-time. Conversely, programs linked with affordable financing allow improvements to cover entire spaces used for both commercial and residential purposes.

In Paraguay, enhancements targeted business infrastructure to boost hygiene, elevate productivity, and make the environment more appealing to customers. In Nicaragua, beyond the previously mentioned efforts, interventions focused on critical needs such as water and sanitation access, better ventilation and lighting, and improved hygiene and safety in workplaces. One project also involved building 53 eco-friendly stoves (“eco fogones”) and installing water filters. This solution not only enhanced energy efficiency and lowered firewood use but also improved the working conditions of women selling tortillas by removing their continuous exposure to smoke.

Projects in Guatemala, El Salvador, and the Dominican Republic focused on enhancing or expanding productive housing infrastructure. In the Dominican case, interventions varied from simple repairs to roofs, walls, and floors, to more complex projects like adding new sections and reinforcing structures for productivity.



*Before-and-after image of a productive kitchen upgrade in Paraguay*

Soft interventions can be categorized into five key areas: enhancing family financial capacity, providing business management guidance and mentorship, establishing savings groups and business associations, organizing community fairs, and addressing other cross-cutting issues like leadership and sexual health.

The market-focused archetype mainly emphasizes family finance training and, in certain cases like Guatemala and El Salvador, also provides diagnosis and recommendations for sales and budget execution.

The comprehensive grant archetype involved partners providing specialized training and mentoring in various business management areas, such as inventory, customer management, recordkeeping, income and expense ledgers, and developing business and marketing plans. This typology also involved promoting and supporting community savings groups, as well as facilitating intentional exchanges among small businesses to create associations among related enterprises. Finally, training on sexual health and leadership was made more specific and comprehensive, tailored to contextual needs.

Finally, both archetypes focus on **adapted and innovative financing mechanisms**. For the market-focused archetype, this encompasses the organization's own funds, family investors, and financial-sector partners who provide tangible guarantees to enable better rates and greater flexibility. It also includes reaching out to corporations that can assist in securing or lowering credit expenses. The comprehensive grant, while largely dependent on funding from donors, foundations, or international sources, also includes community savings mechanisms.



Community fair for entrepreneurs in Paraguay



Productive housing unit model in Guatemala



**“I used to be an employee, but now I aim to become an employer.”**

*Olga, Nicaragua*

## 6. Guidelines for Project Design

For productive housing unit programs to have a truly transformative impact, they should do more than just offer shelter and should incorporate an ecosystem approach. The following key principles and components are recommended:

### Guiding Principles:

**People-centered approach:** Any intervention should be based on a participatory diagnosis to understand the needs, skills, and aspirations of beneficiary families. Instead of imposing a uniform model, solutions should be co-created, considering local realities.

**Flexibility and progressivity:** Housing solutions should be adaptable. This involves encouraging typologies with multifunctional spaces, opportunities for future expansion, and designs that facilitate the gradual separation of living and working areas as both business and household needs change.

**Ecosystem integration:** A successful program should extend beyond just building or upgrading housing. It must be a holistic approach that connects the housing solution with access to financing, training, local markets, community networks, employment-based social security, health, and well-being. The focus should also include time use and gender roles.

### Fundamental Elements of the Program:

**Flexible architectural design:** Projects should provide a “catalog” of solutions and design principles instead of a single rigid prototype. This could involve seed houses featuring well-constructed wet cores, such as bathrooms and kitchens, and structures designed for simple expansion; layouts with separate entrances for the commercial spaces; or outdoor areas like yards and terraces that can be repurposed for productive activities.

**Comprehensive Technical Assistance (CTA):** Habitat for Humanity needs to, via key partnerships, broaden its traditional Construction Technical Assistance (CTA) to deliver a complete support package that covers multiple aspects of HBW:

Business training: Offer training in fundamental business planning, costing, small-scale digital marketing, and quality management. This training is crucial for enhancing the profitability and sustainability of enterprises.

Financial education: Training families to handle their finances is essential. Encourage them to distinguish between household and business accounts, promote saving habits, and emphasize responsible credit use.

Paths Toward Formalization: Offer guidance on the advantages and process of business formalization by linking entrepreneurs to formalization pathways and establishing partnerships with key public institutions.

**Blended finance models:** Habitat can serve as a facilitator for innovative financing models to address the challenge of limited access to capital.

Credit + grant + savings: Develop programs that utilize state housing grants, microcredit for productive activities (such as equipment purchases and working capital), and community solidarity savings strategies.

Blended financing: Structure funds that combine philanthropic capital—capable of subsidizing ATI or lowering interest rates—with impact investment funds and loans from microfinance institutions (MFIs). Case studies of Habitat's collaborations with MFIs in the Dominican Republic provide important insights into the feasibility and challenges of these models, emphasizing CTA as a crucial factor in the results.

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3. Additional details about this reference are available in the publication “Estudios de caso de microfinanzas para Vivienda de 11 aliados de Habitat de todo el mundo.” published by Habitat for Humanity with support from the Citi Foundation in 2013.

**Enhancing community ties and expanding networks:** Programs should incorporate a community organization element that encourages the development of local producer networks. These networks enable collective input purchases to obtain better prices, create shared marketing efforts such as a small weekend market, and serve as venues for learning and knowledge exchange.

This model's transformative impact comes from the combination of its components, not from each one individually. The observed results could not be achieved solely through housing unit improvements or training alone. The key to success is the synergy between these two elements. Providing infrastructure improvements without accompanying financial management training may lead to a short-term income boost. However, without the necessary skills to manage and reinvest these resources, long-term business growth cannot be sustained. On the other hand, a skilled entrepreneur working in a risky, unhygienic, and unattractive environment for customers would face significant limitations in applying her knowledge and growing her business.

The assessment of Habitat Nicaragua's *Women Entrepreneurs* project offers clear proof of this positive cycle. Improvements to the workspaces resulted in an 84.6% increase in customer numbers. At the same time, training raised the percentage of businesses that budgeted from 20% to 54%, and the ability to save from 40% to 62%. A more professional venue that draws in more customers (the "hard" component) combined with improved management skills to handle increased revenue (the "soft" component) initiates a positive cycle of growth and sustainability. This interdependence forms the core of the organization's value proposition and sets it apart from programs that only emphasize credit or construction, thereby enhancing social capital and collective resilience. Additional cross-cutting recommendations include:

**Acknowledging the importance of value and fostering partnerships:** Partnering with local organizations that possess deep territorial knowledge and trusted community relationships is essential for success. Effective implementation requires smooth communication, well-defined roles, and coordination between technical and social elements.

**Enhancing and formalizing the gender approach:** It is important to go beyond just choosing women as beneficiaries. Gender-sensitive training should be consistently incorporated into the education of all staff, partners, and contractors. Additionally, the project should keep tracking and analyzing its effects on household power relations, using the data to improve the theory of change and enhance gender equality outcomes.

**Organizing and spreading knowledge systematically:** Maintaining thorough project evaluation is crucial, including documenting results, processes, and lessons learned. This knowledge should be organized and actively disseminated throughout the network and with external stakeholders in the housing and development sector to establish the organization as a thought leader in productive housing.

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